

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY KINSHASA
AMEMBASSY BRUSSELS

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E.O. 11652: N/A
TAGS: BBXP, US, CG
SUBJECT: WESTINGHOUSE ELECTRIC AND BELGIAN SUBSIDIARY FOR
SECOND STAGE OF INGA II

REF: STATE 68276 (NOTAL)

1. OFFICIALS OF WESTINGHOUSE ELECTRIC AND WESTINGHOUSE
BELGIAN SUBSIDIARY ACEC CALLED ON AF/C DIRECTOR COHEN
APRIL 29 TO SEEK USG ASSISTANCE IN OBTAINING CONTRACT FOR
SECOND STAGE OF INGA II HYDROELECTRIC PROJECT. GROUP
INCLUDED: HARRY JONES, WESTINGHOUSE WASHINGTON REP;
BERNARD STRAIT, MARKETING MANAGER FOR HYDRO GENERATOR
SALES; J.M. BAINI, GENERAL MANAGER OF ACEC'S EXPORT
DIVISION; AND EDGAR CLAEYS, ACEC SALES MANAGER FOR AFRICA.

2. CONSORTIUM OF WESTINGHOUSE, ACEC, VOERST OF AUSTRIA
AND ITALIAN CONSTRUCTION COMPANY WON CONTRACT FOR FIRST
STAGE OF INGA II, COMPRISING FOUR HYDRAULIC TURBINES
(VOERST) AND ELECTRIC GENERATORS (WESTINGHOUSE) WITH
ACCOMPANYING ELECTRICAL EQUIPMENT (ACEC) AND TRANSMISSION
LINE TO BANANA (SUBSTATIONS ACEC, CONSTRUCTION ITALIANS).
TOTAL VALUE OF CONTRACT ABOUT DOLS 80 MILLION, OF WHICH
ABOUT HALF ACEC AND DOLS 14 MILLION WESTINGHOUSE.

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WESTINGHOUSE PORTION COVERED BY EXIM LOAN AND GUARANTEE.

GOB PROVIDED SOFT LOAN FOR PART OF ACEC PORTION.

3. ACCORDING TO ACEC, CONTRACT FOR FIRST STAGE GAVE ZAIRE (SNEL) OPTION TO PURCHASE SECOND FOUR-TURBINE/ GENERATOR STAGE OF INGA II FROM CONSORTIUM AT SAME PRICE (MINUS COST OF TRANSMISSION LINE) AND ON SAME TERMS, EXCEPT FOR GOB CONCESSIONAL FINANCING. ACEC HAS NOW LEARNED, AND EMBASSY KINSHASA HAS CONFIRMED, THAT PRESIDENT MOBUTU HAS PROMISED SECOND STAGE TO GERMANS, THOUGH NO CONTRACT HAS BEEN SIGNED. WESTINGHOUSE AND ACEC BELIEVE FINAL DECISION WILL BE MADE IN NEXT MONTH OR SO. THEY DESIRE EMBASSY KINSHASA'S ASSISTANCE IN ARRANGING MEETING FOR WESTINGHOUSE/ACEC DELEGATION WITH MOBUTU A PARTICIPATION IN MEETING BY CHARGE.

4. COHEN SUGGESTED CONSORTIUM'S COMPETITIVE POSITION WOULD BE IMPROVED IF GOB COULD BE PERSUADED TO PROVIDE CONCESSIONAL FINANCING ONCE AGAIN. THIS MIGHT APPEAL TO NEW GOB NOT ONLY FOR EMPLOYMENT/TRADE VALUE OF CONTRACT BUT ALSO AS MEANS TO HELP INITIATE RELATIONS WITH GOZ ON POSITIVE NOTE, FOLLOWING RECENT BELGIAN-ZAIRIAN FRICTION. BAINI SAID ACEC HAD HAD NO CHANCE TO BROACH SUBJECT WITH NEW GOB BUT WELCOMED COHEN'S OFFER TO DO SO THROUGH EMBASSY BRUSSELS.

5. FOR BRUSSELS: UNLESS YOU PERCEIVE OBJECTIONS, PLEASE ADVISE FON MINISTRY OF SUBSTANCE OF ABOVE AND ASCERTAIN WHETHER GOB WOULD BE WILLING PROVIDE SOFT LOAN FOR SECOND STAGE INGA II. (FYI: JONES INTENDS APPROACH EXIMBANK SOONEST ABOUT FINANCING OF GENERATORS. END FYI.)

6. FOR KINSHASA: UNLESS YOU SEE OBJECTIONS, PLEASE DETERMINE IF AND WHEN MOBUTU WILL RECEIVE WESTINGHOUSE/ ACEC DELEGATION, ACCOMPANIED BY CHARGE. IN MAKING REQUEST, YOU MAY SAY CONSORTIUM BELIEVES THAT, AS CONTRACTOR FOR STAGE ONE, IT CAN OFFER VALUABLE TECHNICAL CONTINUITY FOR STAGE TWO AND WILL BE IN POSITION TO IMPLEMENT PROJECT FASTER THAN ANY COMPETITOR. RUSH

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